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Counsel for Potrero Hills Energy Producers, LLC

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

Debtors.

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

- ☐ PG&E Corporation
☐ Affects Pacific Gas and
Electric Company
☒ Affects both Debtors

**POTRERO HILLS ENERGY
PRODUCERS, LLC'S
OBJECTION TO PROPOSED CURE
AMOUNT**

** All papers shall be filed in the lead
case, No. 19-30088 (DM).*

Related Docket No. 7037

Potrero Hills Energy Producers, LLC ("Potrero"), by and through its undersigned counsel, files this objection (the "Objection") to the proposed cure amount for one of its agreements identified in the *Schedule of Executory Contracts and Unexpired Leases to be Assumed Pursuant to the Plan and Proposed Cure Amounts* [Docket No. 7037] (the "Assumption Notice"),¹ filed on

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Assumption Notice.

May 1, 2020 by PG&E Corporation and Pacific Gas and Electric Company (the “Utility,” together with PG&E Corporation, the “Debtors”).

BACKGROUND

1. Potrero and the Utility are parties to that certain (a) Power Purchase Agreement, dated February 2, 2010 (as amended from time-to-time, the “PPA”), pursuant to which Potrero sells electrical energy to the Utility, and (b) Small Generator Interconnection Agreement, dated May 22, 2013 (as amended from time-to-time, the “SGIA”), which establishes certain terms and conditions relating to the interconnection of Potrero’s generating facility with the Utility’s distribution system.

2. On January 29, 2019 (the “Petition Date”), the Debtors filed their petitions for relief under chapter 11 of the Bankruptcy Code.

3. On March 16, 2020, the Debtors filed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization* [Docket No. 6320] (the “Plan”).

4. On May 1, 2020, the Debtors filed the Assumption Notice which identifies certain executory contracts and unexpired leases to be assumed under the Plan.

5. Among the agreements identified in the Assumption Notice are the PPA² and the SGIA. The SGIA is identified on the Assumption Notice as follows with a proposed cure amount of \$0:

Non-Debtor Counterparty Name	Match ID	Contract ID	Debtor Name	Address	City	State	Country	ZIP Code	Title of Agreement	Effective Date of Agreement	Cure Amount
POTRERO HILLS ENERGY PRODUCERS	1011423	ELCPS4_00 067	PACIFIC GAS AND ELECTRIC COMPANY	3675 POTRERO HILLS LANE	SUISUN CITY	CA	US	94585	SMALL GENERATOR INTERCONNECTION AGREEMENT	5/22/2013	-

6. As set forth in Potrero’s proof of claim number 57873, prior to the Petition Date, Potrero overpaid the Utility in the aggregate amount of \$1,408,409 with respect to payments required under the SGIA for additions, modifications and upgrades to the Utility’s transmission system. As permitted under the SGIA, the parties agreed that the Utility would repay Potrero in

² Potrero has no objection to the assumption or proposed cure amount associated with the PPA.

1 respect of the overpayment, with the repayment obligation amortized in quarterly installments over
2 the course of five years (the “Network Upgrade Repayment Obligation”).

3 7. As of the date hereof, the Utility is indebted to Potrero in the amount of \$305,155.28
4 plus interest in connection with the Network Upgrade Repayment Obligation, and the Utility has
5 failed to make the quarterly installment payment that was due and payable on April 1, 2020.

6 8. A schedule of the Utility’s payment history and remaining balance due with respect to
7 the Network Upgrade Repayment Obligation is annexed hereto as **Exhibit A**.

8 **ARGUMENT**

9
10 9. Section 365(b)(1) of the Bankruptcy Code provides, in relevant part:

11 If there has been a default in an executory contract or unexpired lease of the debtor, the
12 trustee may not assume such contract or lease unless, at the time of assumption of such
13 contract or lease, the trustee--

14 (A) cures, or provides adequate assurance that the trustee will promptly cure, such default
15 ...

16 (B) compensates, or provides adequate assurance that the trustee will promptly
17 compensate, a party other than the debtor to such contract or lease, for any actual
18 pecuniary loss to such party resulting from such default;

19 11 U.S.C. § 365(b)(1)(A), (B).

20 10. The Debtors identified a proposed cure amount of \$0 with respect to the SGIA.
21 However, as set forth above, the Utility is indebted to Potrero in the amount of \$305,155.28 plus
22 interest under the SGIA, and has failed to make the latest scheduled payment on April 1, 2020.

23 WHEREFORE, Potrero respectfully requests that the Court (a) deny assumption of the SGIA
24 unless the Utility agrees to cure all amounts due and owing as of the date of assumption, as set forth
25 herein; and (b) grant Potrero such other and further relief as is just or proper.

26 Dated: May 15, 2020

Respectfully submitted,

27 By: /s/ Peter S. Partee, Sr.
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